

November 26, 2007

Commissioner Cheryl Musgrave  
Department of Local Government Finance  
Indiana Government Center North  
100 North Senate Avenue N1058 (B)  
Indianapolis, IN 46204

Dear Cheryl,

Our ratio study was submitted to the DLGF on October 17, 2007. I am now sending this letter to explain how Warrick County adjusts its values annually.

I would like to tell you first that we only had one thousand one hundred and eleven (1,100) real property appeals. While there was a lot of grumbling about taxes in the community, when we sat down and explained the market system to people, most were satisfied with their assessed values and thought they were fair. It was the tax dollars they weren't happy with. All appeals have been settled.

Residential Property:

Reassessment – Currently four (4) out of ten (10) townships have been reassessed. This is a drive by to check for errors in data and new construction. The main township of the four that are done is Ohio. Ohio Township is our counties largest township which makes up about 45% of the total county parcel count. It is also where the majority of growth and new construction takes place. The remaining six (6) townships (which are mostly rural containing farm land and stripped mine land) are in the process of being reassessed. All other areas have been analyzed by conducting a sales ratio study, and a trending factor applied if needed.

Sales Disclosures – We have on average two thousand five hundred (2,500) sales disclosures per year. This is a starting point for evaluating our market, and is proving to be enough to establish a good base of market valuation. We have a few unique situations in Warrick County. In some of the townships while it looks like a lot of transfers happen, in reality these pieces of improved/unimproved property transfer and sell to family members and aren't available to the general public. We spend a lot of time talking to the sellers and buyers, validating sales, and learning where the market is heading. In areas where we have very few sales we go back in years to obtain more sales, plus we talk to the local real estate appraisers to gain more information on value. On residential rental property we have collected income and expense information to establish a GRM, and cross checked our values using this information.

Appeals – During the appeal process we have had appeals that have shown that certain areas need to be totally reassessed. We then re-look at every property in that area and establish new market values based on the new data collected. We collected a data base of rental information through the appeal process. This information has been used to cross check values of all rental properties in the county.

MLS – We use the Homes for Sale publication, talk to realtors, MLS, and Loop Net sales as review tools in conjunction with sales disclosures.

Permits – Currently in Warrick County permits are filed with 5 different offices. If a resident lives inside the city limits of Boonville, Chandler or Newburgh they must apply for a permit with their Town Hall or City Hall office. All other county residents get permits in the Area Planning Commission office and in the Building Department office. Both the Area Plan and Building Department provide us with a list of all permits monthly. The three city offices are more difficult in acquiring permit information. Each permit that is filed in all offices has an estimated construction cost amount which is verified. All these new construction costs are collected and have been used to check our cost tables. We find that the cost tables are accurate.

#### Commercial/Industrial Property:

Reassessment – Currently four (4) out of ten (10) townships have been reassessed. This is a drive by to check for errors in data and new construction. The remaining six (6) townships are in the process of being reassessed. These other six townships are very rural with minimal if any commercial or industrial properties. All other areas have been analyzed by conducting a sales ratio study, and then a trending factor applied if needed.

Appeals – All data collected in hearings has been reviewed and relevant information has been added to the data base being used. Appraisals submitted to the County have been reviewed by a MAI. Income and expense information has been compiled and used to verify values on similar properties.

Sales Disclosures – We have had adequate sales in the municipalities to arrive at a base land rate for the 2006 Trending. This analysis showed that more neighborhoods needed to be created and redefined. This is exactly what happened. Now with 2006 sales coming in, there was no indication of change in these defined neighborhoods. The downtown of Boonville has been analyzed by using sales from 2000 to 2006. This has showed us how the market is changing over a period of time, more than a two year period as requested by the state guidelines. Since there is always a shortage of commercial and industrial sales in a small community, we have compiled a spreadsheet of sales in a five (5) county area around Warrick. The sales have been broken down by use and give us a strong base of selling price per square foot to verify all commercial and industrial properties.

Income Approach - Income and expense information has and is still being collected. This has been used to verify our cost and market values. For 2008 Trending, we will be using an operating system developed by Tyler Technologies| CLT Division to take income and expense information that has been collected to develop a true income valuation for all commercial and industrial properties electronically.

Sincerely yours,

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cc: Barry Wood